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Fresno, California

June 16, 2005

The City Council met in special session at the hour of 8:32 a.m. in the Council Chamber, City Hall, on the day above written, to continue consideration of the FY 2006 City of Fresno Budget.

Present were Councilmembers Boyajian, Calhoun, Duncan, Perea, Sterling, Westerlund and President Dages, City Manager Souza, Assistant City Manager Ruiz, Interim Assistant City Manager Quinto, City Attorney Montoy, City Clerk Klisch, Assistant City Clerk Salazar, Budget Manager Smith and necessary staff.

IN -LIEU FEE ISSUE

President Dages questioned what management's plan was now that the fees were going to stay with public utilities, with City Manager Souza advising back in March the general fund departments put together a contingency plan based on the \$8.4 million, stated since that time staff presented in the budget one-half of that amount, or \$4.2 million, advised the group reconvened this morning and was asked to go back and prioritize the \$8.4 plan to get to \$4.2 so Council could be presented with the full range of options, and requested Council continue to hold the hearings on parks & recreation and public works and advised next Tuesday staff would make their recommendation on the \$4.2 million.

Brief discussion ensued on continuing hearings scheduled for June 21st so the afternoon could be free for budget, with City Attorney Montoy and Mr. Souza making recommendations/suggestions.

Discussion ensued on the in-lieu fee issue. Councilmember Calhoun expressed concern and questioned how the budget hearings could continue since the Mayor had not shared the contingency plan, noted some departments have discretionary funds and everything discretionary may have to be deleted, and again questioned how Council could do justice with the budget without knowing what the administration was proposing, with President Dages responding. Relative to Tuesday's schedule Councilmember Calhoun stressed there was an emergency here and urged all hearings and matters be continued -- unless they are time sensitive -- so Council can deal solely with the budget that afternoon. Brief discussion continued on Tuesday's schedule and on Mr. Souza's and President Dages' recommendation to hold hearings and let staff present their refined plan. Mr. Souza added staff would be coming back with a motion to amend the budget as presented by \$4.2 million, noted this was not something any member of staff was taking lightly, and stated staff wanted to present to Council a high prioritized plan with the least impact to the essential services the city provides. (*Note - Councilmember Calhoun spoke additionally to the issue, expressed his concerns, and made a motion during Public Utilities' presentation*).

(8:30 A.M.) CONTINUED HEARING ON THE FY 2006 CITY OF FRESNO BUDGET

Departments to be heard in the following general order as time permits:

PUBLIC UTILITIES DEPARTMENT
PUBLIC WORKS DEPARTMENT
PARKS & RECREATION DEPARTMENT
CONVENTION CENTER
PERSONNEL DEPARTMENT

TRANSPORTATION DEPARTMENT - FAX
ECONOMIC DEVELOPMENT DEPARTMENT
GENERAL CITY PURPOSE
CDBG
REDEVELOPMENT AGENCY

DEPARTMENT OF PUBLIC UTILITIES:

Interim Director of Public Utilities Weimiller gave an in-depth PowerPoint presentation on his department's budget which included an overview of the Water, Community Sanitation, Solid Waste Management and Sewer Maintenance Divisions, daily service activities, FY 2005 accomplishments, FY 2006 goals and highlights, 5-year outlook including major capital project needs, utility rate comparison, uses of budgeted funds, and KRAs.

Upon call, no one wished to be heard and President Dages closed public testimony.

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Councilmember Calhoun stated he was hearing that staff would work over the weekend to formulate the contingency plan, read portions of a letter to Council from City Manager Souza dated May 9th which stated "*should the in-lieu of taxes be deemed un-collectable during FY 2005-06 contingency plans are in place to address the revenue shortfall within the general fund*", questioned why staff could not present the plan to Council *now* so Council could see it in light of the remaining budgets and to also review it over the weekend versus

"dropping" the plan on Council on Tuesday, and stated he operates with facts given ahead of time, expressed his concern and stated he wanted the plan now, and questioned why Council could not have it. Mr. Souza stated he wanted a chance to sit down with departments one last time and make sure the \$4.2 million reflects the prioritization of where the Mayor is with the rest of the budget and staff would get that information out to Council in sufficient time to deliberate on Tuesday.

MOTION (for action this date) - Calhoun/Boyajian - Direct the city manager to **(2 - 0)** immediately provide the contingency plans for FY 2006 per his letter dated May 9, 2005, (* later modified to receive the information by 12:00 noon, and subsequently modified to receive it on Friday).

Upon question of President Dages Mr. Souza stated he had physical information that said \$8.4 million but not \$4.2 million, added he was going to make sure he was giving Council a recommendation on what was in the context of \$4.2 and not \$8.4, and reiterated he wanted to present what the Mayor was most comfortable with on the \$4.2 million

President Dages continued the Public Utilities Department's budget until after completion of discussion on the in-lieu fee issue and motion.

* Relative to the motion and upon question of President Dages, Councilmember Calhoun modified his motion to have staff present the contingency plans by 12:00 noon (and later modified).

Extensive discussion ensued. Councilmember Duncan stated he was very disappointed with the motion, stated this was a serious issue but the last thing Council needed to do was force the city manager to give information out that has not been flushed through, stressed the City only found out about this at 5:00 p.m. yesterday and urged Council to give staff a chance to do their job and added the information that would be presented would not even be relevant to the situation in front of Council, and urged Council to vote the motion down and give the city manager and staff a chance to flush it through and provide useful information. Councilmember Boyajian stated he was disappointed with the whole budget process, questioned who said this was the Mayor's budget and stated it was the Council's budget, stressed Council needed to have a say and make recommendations, expressed concern with always getting information late, stressed he also wanted the information now, and stated the Mayor, staff and Council should all be working together. Councilmember Westerlund stated he understood the frustrations but he did not feel the motion was the way to go, and asked Council to step back and move forward with considered deliberation and in a structured process adding part of that process was giving staff a chance to do their job and provide considered, intelligent recommendations. Councilmember Calhoun noted he and Councilmember Duncan jointly brought this issue before Council previously for discussion, stated the May 9th memo was a smoking gun, stated staff was going to present the contingency plans when they wanted to and that sent an indirect message that plans were not in place, and again expressed his frustration and questioned where the team work was. Councilmember Perea stated both sides needed to take a deep breath, stated he did not want to receive information on Monday and vote on it on Tuesday and added he would defer to the Council President to ensure Council has appropriate time to review the plans, stated he wanted see both the \$8.4 and \$4.2 million plans, and added he would not vote for a budget that he felt uncomfortable with. Councilmember Sterling presented questions relative to why Council could not see the possibilities if a plan was in place as stated in the May 9th memo, if everything would change and if Council would have to re-hear departments' presentations again, how Council could even vote on Councilmember Duncan's Kronos motion, if staff could provide Council with the information tomorrow stating Council would keep it in confidence, if the Council President could be a part of the team in refining the \$8.4 plan, and if a closed session could be set for tomorrow so the information stays confidential, with Mr. Souza and City Attorney Montoy responding throughout.

MODIFIED MOTION - Direct the city manager to provide the contingency plans for FY 2006 per his letter dated May 9, 2005, in Council's agenda packets on Friday, June 17th.

Brief discussion ensued with Councilmember Duncan speaking further to the issue and asking Council to have faith in staff stating they would come through and this matter would be worked out, and Councilmember Westerlund questioned if staff would be able to submit the plans on Friday, with Mr. Souza responding and clarifying issues.

A motion of Councilmember Calhoun, seconded by Councilmember Boyajian, to direct the city manager to provide the contingency plans for FY 2006 per his letter of May 9, 2005, in Council's agenda packets on Friday, June 17, 2005, failed, by the following vote:

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Ayes : Boyajian, Calhoun, Sterling
 Noes : Duncan, Perea, Westerlund, Dages
 Absent : None

PUBLIC UTILITIES - CONTINUED:

Proceedings continued and lengthy discussion ensued with Mr. Weimiller responding to questions and/or comments of Councilmembers Duncan, Perea, Boyajian, Sterling and Westerlund relative to funds needed for capital projects over the next 5 years and if the intent was to borrow those funds, if the city's lower utility rates were due to the lack of a Capital Fund, if a Capital Fund should be in place and if that was a practice of other cities, encouragement to staff to consider charging a little each month to keep the cost down for the next time a rate change is needed, type of expansion occurring at the wastewater treatment plant **(3 - 0)**, how the plant is keeping up with southeast growth, if staff has considered using renewable energy, if gas turning into energy was self-sufficient, need to increase rates gradually and in small amounts to make it easier on customers, tipping fees and county reimbursement, if the fees were budgeted, the in-lieu fees and if the department was looking at other ways to collect them or supplement them, if the department will have an alternative to mitigate the loss of in-lieu fees, numerous questions on the Hansen software, numerous questions on various line items, commendation on the SWTP, CVP contract, trash can conversion/training and meeting SB 939 mandates, numerous questions relative to privatizing solid waste including status, the RFP, potential franchise revenues, how employees will be affected **(4 - 0)** and if a vote to not privatize was subject to veto, commendation on illegal dumping efforts, questions on Operation Clean-Up and cost for bi-annual pickups, SWTP and northeast groundwater overdraft, wastewater treatment plant expansion and capacity, meter retrofit study, the Hansen program, enforcement/educational outreach on trash cans left on streets overnight, and need to fund neighborhood cleanup efforts (over-grown weeds, trash dumping).

MOTION - Boyajian/Sterling - Allocate \$100,00 to the Community Sanitation Division for neighborhood clean up.

Mr. Weimiller responded to questions of Councilmember Sterling relative to privatization and if Council would have the option to call the private company to respond to service requests.

MOTION - Dages/Sterling - Reimburse one-year of the in-lieu fee to customers through a credit of their utility billing.

Upon question of President Dages, City Attorney Montoy stated she understood the essence of the motion and she would come back with recommendations as there would be a lot of detail on how that could be accomplished.

Gloria Torrez spoke in support of reimbursing customers the in-lieu fees and thanked Chris Mathys and the Courts on the issue, and spoke to the issue of water meters in opposition to privatizing the department.

There was no further discussion.

PARKS, RECREATION AND COMMUNITY SERVICES DEPARTMENT

Parks & Recreation Director Cooper spoke to and invited Council to attend the launch of *Fresno United Neighborhoods* (FUN) in front of City Hall at 3:00 p.m., and gave an in-depth PowerPoint presentation on his department's budget which included FY 2005 accomplishments, key objectives, FY 2006 highlights and KRAs. President Dages commended Mr. Cooper **(5 - 0)**.

Councilmember Calhoun stated he was a true believer in parks & recreation but not parks, recreation *and education*, stated the department had drifted into a lot of education-related activities using general fund and CDBG money and he had to question those expenditures, spoke to fiscal challenges and stated good cases needed to be made for programs and added he would rather see money going into parks, and stated he did not support additional money going into Palm Lakes Golf Course.

MOTION - Calhoun/Duncan - Eliminate funding allocated for Palm Lakes Golf Course.

MOTION - Calhoun/Dages - Establish Senior centers in all Council districts.

Councilmember Calhoun stated blatant discrimination was occurring at Woodward Park as the entrance fee was \$3.00 and only

\$1.00 at Roeding Parks and further elaborated, and stated if Roeding Park's entrance fee is increased the park could be improved like Woodward.

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MOTION - Calhoun/Boyajian - Increase Roeding Park entrance fee to \$3.00 and dedicate \$1.00 of the increase for Roeding Park improvements

Councilmember Calhoun stated he was unclear and questioned what the \$350,000 for initial site development at Roosevelt High School was for, if these centers were going to happen at all high schools, why this center was going in at Roosevelt and why a park was not looked at, and concern that this project is moving too far away from parks and recreation, with Mr. Cooper and City Manager Souza responding throughout.

MOTION - Calhoun/Boyajian - Eliminate the \$350,000 for initial site developments at Roosevelt High School.

Councilmember Calhoun noted it was near the noon hour and he still had additional questions and questioned if Council wanted to break for lunch. Councilmember Perea stated he wanted to make a motion before the lunch hour but he did not want to break into Councilmember Calhoun's time whereupon Councilmember Calhoun deferred to Councilmember Perea to make a motion.

MOTION - Perea/Dages - Allocate the \$180,000 from the Independent Police Auditor to fund lease payments for four(4) fire apparatus and pay the Storyland/Playland insurance premium.

Brief discussion ensued on Mr. Cooper's schedule and press conference and it was determined Council would return at 2:00 p.m., begin with the public works department, and continue with parks and recreation thereafter.

LUNCH RECESS - 12:07 P.M. - 2:02 P.M.

Relative to President Dages' motion on the in-lieu fee refund, Councilmember Calhoun questioned if President Dages would alter his motion to require staff to first return to Council with the fiscal impact to the general fund and city services prior to Council voting on whether to issue refunds to the rate-payers. President Dages stated he would expect staff to do that anyway and Budget Manager Smith confirmed staff would report back on the fiscal impact. Councilmember Duncan added the impact would be \$12 million and not \$8 million.

PUBLIC WORKS DEPARTMENT:

Public Works Director Healey introduced key staff in attendance and gave a PowerPoint presentation on his department's budget which included their mission statement, department overview/operating budget, and new positions. At this point City Attorney Montoy requested Mr. Healey (1) discuss his whole budget without the capital budget, (2) present and discuss the capital budget without the Hope VI project as one council member had a conflict, and (3) then present the Hope VI project wherein Councilmember Sterling would have to recuse herself.

Mr. Healy continued with FY 2005 accomplishments, proposed KRA budget, future challenges/significant items, and future goals.

Erik Wardwell, 467 N. San Pablo, advised he was a handicapped property owner who has to make calls to the city for clean up assistance, stated he gets the run-around when he calls, and spoke to the need for the city to make alley clean-ups a high priority.

Upon call, no one else wished to be heard and President Dages closed public testimony.

Councilmember Sterling commended the department and all other departments for their clean up efforts and presented questions relative to the \$1.7 million for the Intermodal Transit Facility, with Transportation Affairs Manager Madewell responding.

Councilmember Calhoun spoke to the traffic operation center (TOC) and his concern with the overall day to day operation and staffing level, and made a motion to convert two (2) temporary TOC employees to permanent at the first available opportunity, which motion died for lack of a second. Councilmember Calhoun continued and spoke to the need to transfer the TOC from public works to the transportation department **(6 - 0)** stating that was a more appropriate department and explained, and made a motion to transfer the TOC

to the transportation department. Councilmember Duncan requested the motion not be taken off the table as he might second it when he is recognized to speak. Councilmember Calhoun requested staff get back to him with information on re-paving Golden State Boulevard from Shaw to Herndon, i.e., if funds were included in the budget and status.

Councilmember Boyajian presented questions/comments at length relative to the abandoned vehicle program, amount allocated for that program, if the city is able to get reimbursements, if the city call sell the vehicles, the grant writer and if any new grants have been received and what they are for, priority list for slurry seal projects, landscaped median islands beautifying neighborhoods and concern with paving

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over/abolishing them, suggestion to get volunteers to maintain medians, request to be informed before abolishing median islands, and the importance of median islands and if adequate funding was being received for landscaping needs, with Mr. Madewell, Mr. Healey, Street Maintenance Manager Adams and Budget Manager Smith responding throughout.

Councilmember Duncan stated Councilmember Calhoun's TOC motion was intriguing and requested the city manager speak to that proposal, with City Manager Souza concurring the proposal was intriguing and requesting he be given time to flush details out and adding there were options as to placement of the TOC.

MOTION Calhoun/Duncan - Transfer the Traffic Operation Center (TOC) to the Transportation Department.

Councilmember Duncan commended staff on doing an amazing job on the median island landscaping, spoke to the funding sources and challenges and questioned how much money the department needed to do the job they wanted to do, and requested staff consider putting the maintenance schedule on the internet for public access.

RECESS - 2:50 P.M. - 3:39 P.M.

Discussion continued with Mr. Healey responding to questions and comments of Councilmembers Westerlund and Perea relative to need to allocate additional funds to the residential pavement program, the needs assessment study, the traffic light maintenance program including if the city is paid for services provided to other municipalities, when additional positions will be needed and request for information on services provided, aggregate problems, various line items questions, when the street assessment study will be conducted, and cost for the streets assessment/consultant and suggestion to utilize community volunteers, with Mr. Healey and Ms. Adams responding throughout.

Mr. Healey introduced Paul McLain of the Local Conservation Corp (LCC) who is working with the city on the north end of town. Councilmember Sterling stated LCC has done a lot of work in her district and along with Councilmember Boyajian thanked the LCC.

There was no further discussion and the public works capital budget was continued to June 21st.

President Dages stated Council would continue their consideration of the parks & recreation budget on June 21st, stated additional dates may be necessary, and brief discussion ensued on possible meeting dates.

By Council consensus the following dates/times were set for budget consideration: June 22nd at 1:30 p.m. and June 23rd at 1:30 p.m.
(June 21st at 2:30 p.m. already set).

The budget hearing was continued to Tuesday, June 21, 2005.

ADJOURNMENT

There being no further business to bring before the Council, the hour of 4:04 p.m. having arrived and hearing no objections, President Dages declared the meeting adjourned.

Approved on the ____21st____ day of _____June_____, 2005.

_____/s/_____
Mike Dages, Council President

ATTEST:_____/s/
Yolanda Salazar, Assistant City Clerk

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